Santa Clara County Economic Forecast

During most of the current business cycle, the Santa Clara County economy created jobs at an incredibly rapid rate, but growth is now slowing. In 2017 the county gained 25,000 jobs, representing a growth rate of 2.4 percent. By comparison, statewide growth was observed at 2.0 percent.

The Santa Clara County unemployment rate was exceptionally low in 2017, falling to 3.2 percent, which is near its lowest sustainable level. The economy has now reached a "full employment" scenario, meaning that almost everyone who wants a job already has a job. Under these conditions, firms can only increase their employee headcounts by recruiting workers from other companies, recruiting people from other cities, or hiring new graduates. This has been a major contributor to slower job creation, because there are simply fewer people to hire.

Santa Clara County is in the middle of a construction boom. More than 10,000 homes were built in 2017, and almost $3.4 billion was invested into non-residential structures. Most of this activity was concentrated in apartments, condos, office buildings, and retail structures in San Jose, Mountain View, and the City of Santa Clara.
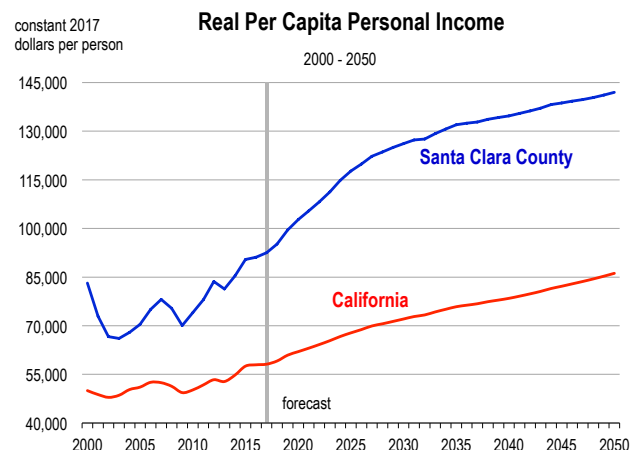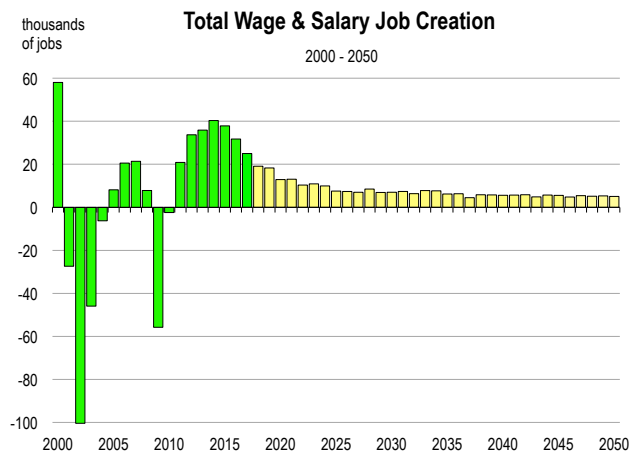
But despite the surge of new building activity, housing production is not keeping pace with population growth. Home prices are now 35 percent above their bubble-era peak, and housing affordability is becoming a major problem. In Santa Clara County, households often spend more than 50 percent of their pre-tax income on mortgage payments and rent, whereas this figure is typically less than 25 percent across Inland California.

High home prices are reducing migration to Santa Clara County. Population growth has decelerated, and is now below the statewide average. Because home prices are expected to rise faster than incomes, worsening the housing affordability problem, net migration will be low for the foreseeable future.

The San Mateo County technology sector continues to expand rapidly. Venture capital funding to technology companies has been very high for most of the current business cycle, allowing new startups to form and existing firms to expand. The county now has 61,200 workers at software firms, 45,800 workers at Internet publishing and search companies, 32,600 workers at computer systems design firms, and 7,300 workers in data services and hosting companies.

Forecast Highlights

• Total employment will rise by 1.8 percent in 2018. From 2018 to 2023, growth is expected to average 1.2 percent per year.

• From 2018 to 2023, the principal engine of employment growth will be professional services, education and healthcare, and information services. Together, these sectors will account for 86 percent of net job creation in the county.

• Between 2018 and 2023, an average of 4,900 new housing permits will be issued each year. Most of these units will be apartments and condos.

Total Wage & Salary Job Creation
thousands of jobs
2000 - 2050

Real Per Capita Personal Income
constant 2017 dollars per person
2000 - 2050

Santa Clara County

California

forecast

• Billions of dollars will be invested into new non-residential structures, particularly office buildings, but we are near the peak of the current building cycle, and annual investment levels will decelerate during the forecast period.

• Because we are near the peak of the current building cycle, job losses may be observed in the construction sector.

• In Santa Clara County, inflation-adjusted salaries are expected to rise by an average of 2.7 percent per year between 2018 and 2023, which will be faster than statewide growth.

• Real per capita income is expected to increase at a rate of 3.2 percent per year, surpassing $111,000 by 2023.

• The population is expected to increase by 0.6 percent per year from 2018 to 2023, which will be similar to the statewide average. Only 250 net migrants will enter the county each year, meaning that the natural increase (new births) will be responsible for virtually all population growth.

Santa Clara County Economic Forecast
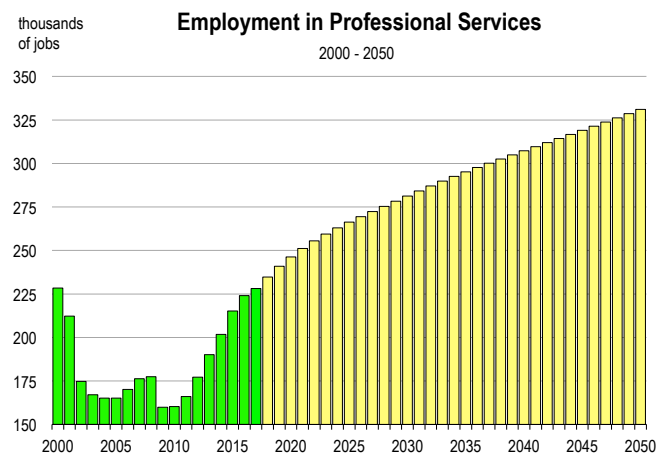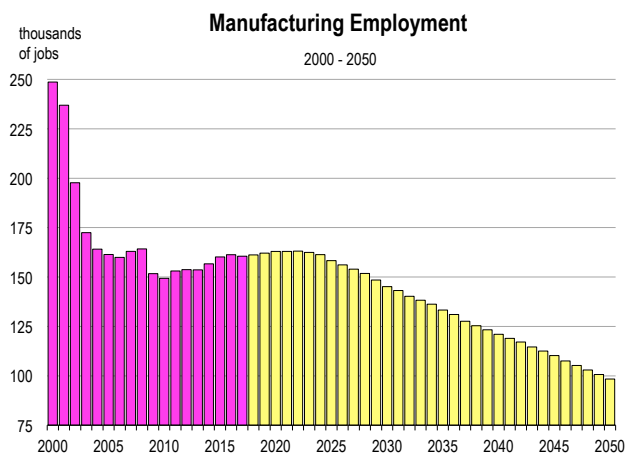## 2010-2017 History, 2018-2050 Forecast

	Population (people)	Net Migration (people)	Registered Vehicles (millions)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (billions)	Unemployment Rate (percent)
2010	1,786,443	-4,002	1.52	604.1	4,453	$30.5	$109.3	$74,050	1.3	322.0	29.0	10.4
2011	1,813,986	12,659	1.52	605.4	3,212	$33.4	$120.1	$78,058	2.7	292.3	29.6	9.3
2012	1,840,582	12,463	1.53	608.6	5,677	$36.2	$134.0	$83,615	2.7	299.4	31.0	7.9
2013	1,866,836	11,533	1.58	611.1	7,868	$37.6	$135.2	$81,304	2.3	295.7	32.2	6.5
2014	1,892,692	11,891	1.61	615.9	9,799	$39.6	$148.1	$85,402	2.8	301.6	33.8	5.2
2015	1,918,777	12,282	1.65	622.8	5,616	$41.2	$163.0	$90,415	2.6	297.1	35.4	4.2
2016	1,932,827	892	1.69	626.3	5,036	$41.8	$170.7	$91,145	3.1	320.1	36.4	3.8
2017	1,945,465	-4	1.70	631.5	10,006	$42.5	$180.0	$92,544	3.2	319.4	37.3	3.2
2018	1,958,063	339	1.72	640.7	6,113	$45.3	$193.2	$95,161	3.7	328.4	38.1	3.0
2019	1,970,507	317	1.75	646.3	5,777	$48.4	$209.8	$99,551	3.1	335.6	38.3	3.0
2020	1,982,835	354	1.76	651.6	5,207	$51.3	$226.8	$102,711	4.1	341.3	39.0	3.2
2021	1,995,042	345	1.78	656.3	4,677	$54.4	$242.5	$105,386	3.6	345.8	39.7	3.3
2022	2,006,876	61	1.79	660.5	4,551	$57.3	$259.2	$108,226	3.5	349.4	40.6	3.4
2023	2,018,737	155	1.81	664.7	4,458	$60.6	$277.3	$111,299	3.4	352.3	41.4	3.5
2024	2,030,763	376	1.82	668.7	4,441	$64.2	$297.3	$114,860	3.3	354.6	42.0	3.6
2025	2,042,612	283	1.83	672.7	4,454	$67.8	$316.0	$117,688	3.1	356.4	42.0	3.8
2026	2,054,377	231	1.84	676.7	4,444	$71.4	$333.6	$119,855	3.1	357.9	42.2	3.9
2027	2,065,854	4	1.85	680.7	4,398	$75.2	$352.3	$122,232	3.0	359.0	42.4	4.0
2028	2,077,201	-99	1.86	684.7	4,551	$79.0	$370.0	$123,606	3.3	360.0	42.6	4.0
2029	2,088,478	-173	1.87	688.8	4,532	$82.6	$387.7	$124,963	3.1	360.7	42.6	4.1
2030	2,099,826	-128	1.88	692.9	4,497	$86.6	$405.3	$126,167	3.0	361.3	42.5	4.2
2031	2,110,811	-596	1.89	696.9	4,455	$90.9	$423.0	$127,306	2.9	361.7	42.8	4.1
2032	2,121,912	-646	1.89	700.9	4,439	$95.2	$439.4	$127,600	3.1	362.1	42.9	4.1
2033	2,133,399	-441	1.90	705.0	4,454	$100.2	$459.7	$129,261	2.7	362.4	43.2	4.1
2034	2,144,853	-626	1.91	709.0	4,438	$105.2	$480.7	$130,668	2.9	362.6	43.5	4.1
2035	2,155,942	-1,092	1.92	713.0	4,316	$110.1	$502.7	$131,986	3.0	362.8	43.5	4.1
2036	2,166,988	-1,229	1.93	716.8	4,209	$115.0	$524.4	$132,501	3.4	363.0	43.7	4.2
2037	2,177,949	-1,390	1.94	720.6	4,080	$119.8	$546.6	$132,813	3.5	363.1	43.5	4.2
2038	2,188,983	-1,390	1.94	724.3	4,009	$125.2	$571.2	$133,697	3.3	363.2	43.6	4.2
2039	2,200,039	-1,416	1.95	727.9	3,949	$130.5	$596.2	$134,195	3.5	363.3	43.9	4.2
2040	2,210,990	-1,567	1.96	731.4	3,892	$135.9	$621.8	$134,705	3.4	363.3	44.0	4.2
2041	2,221,943	-1,601	1.97	734.9	3,850	$141.4	$648.4	$135,478	3.2	363.4	44.2	4.2
2042	2,232,913	-1,607	1.97	738.4	3,816	$147.1	$675.7	$136,279	3.1	363.4	44.5	4.2
2043	2,243,690	-1,814	1.98	741.8	3,762	$152.8	$703.5	$137,096	3.0	363.4	44.6	4.2
2044	2,254,494	-1,784	1.99	745.2	3,731	$158.8	$732.5	$138,180	2.8	363.5	44.7	4.2
2045	2,265,305	-1,749	1.99	748.6	3,696	$164.7	$761.0	$138,725	3.0	363.5	44.8	4.2
2046	2,275,904	-1,900	2.00	751.9	3,639	$170.7	$789.7	$139,241	2.9	363.5	44.7	4.2
2047	2,286,500	-1,854	2.01	755.2	3,607	$177.1	$819.2	$139,728	2.9	363.5	44.8	4.2
2048	2,297,042	-1,827	2.01	758.4	3,563	$183.6	$850.7	$140,361	2.9	363.5	44.8	4.2
2049	2,307,521	-1,796	2.02	761.6	3,520	$190.5	$884.2	$141,140	2.9	363.5	44.9	4.1
2050	2,317,912	-1,787	2.03	764.8	3,475	$197.6	$919.5	$141,996	2.9	363.5	44.9	4.1

Population Growth

2000 - 2050

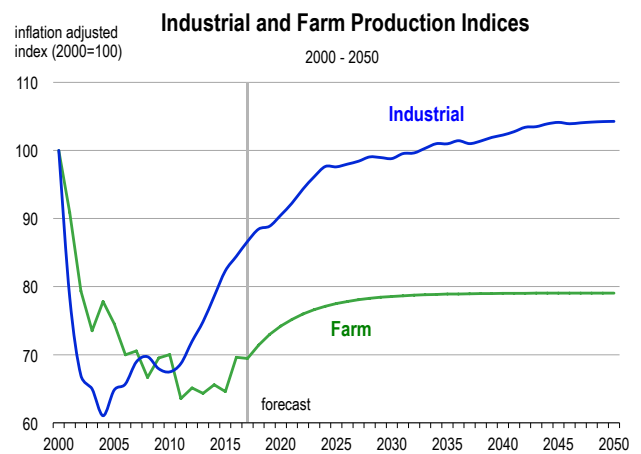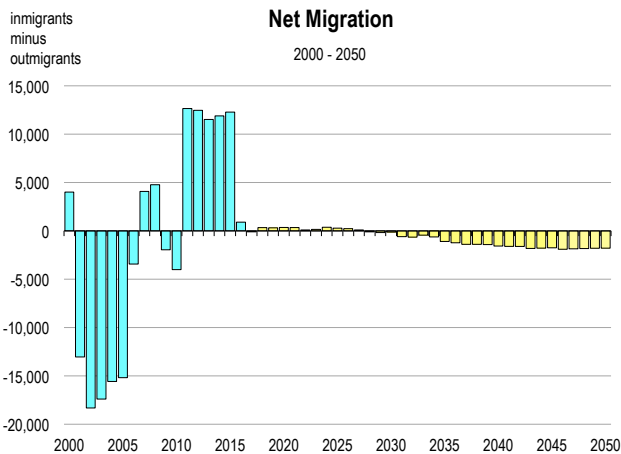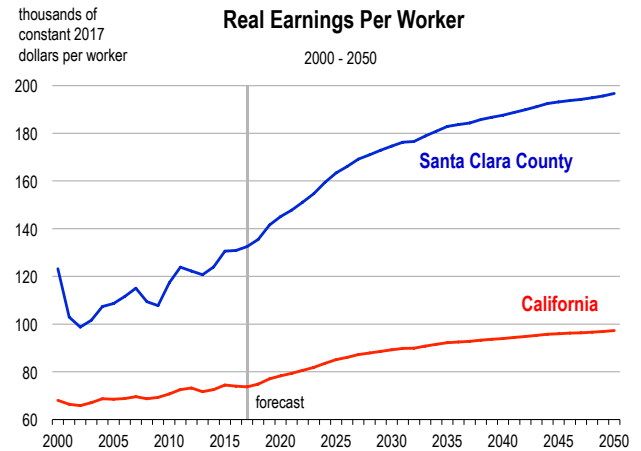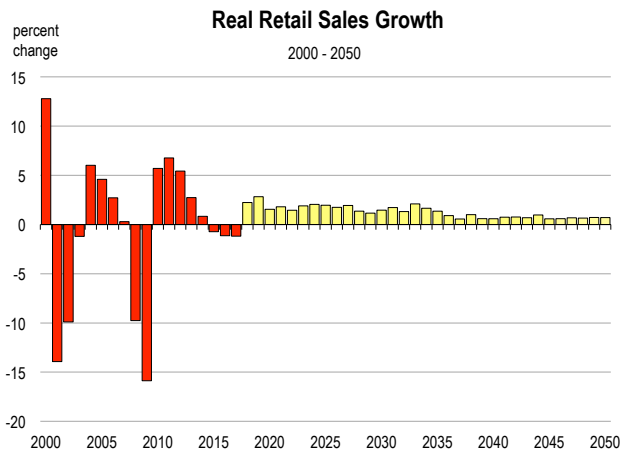**New Residential Units**

2000 - 2050
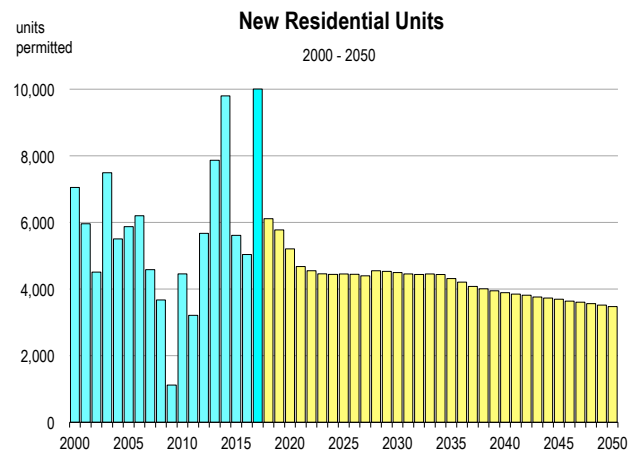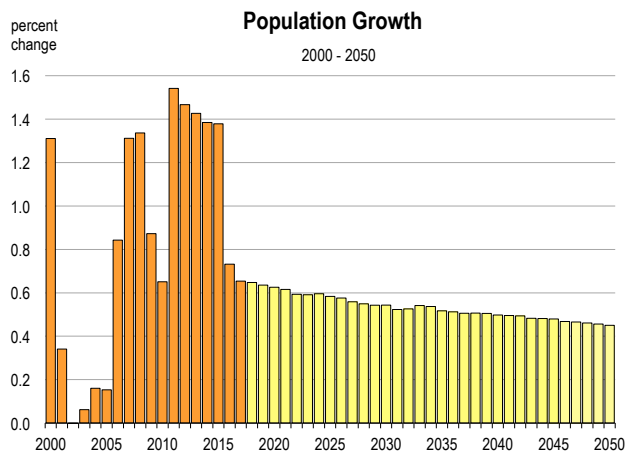
Santa Clara County Employment Forecast
2010-2017 History, 2018-2050 Forecast

	Total Wage & Salary	Farm	Construction	Manufacturing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
					------employment (thousands of jobs)------							
2010	860.3	3.53	31.6	149.3	11.7	111.5	30.8	160.2	46.4	126.0	73.8	91.5
2011	881.1	3.42	31.1	153.1	11.8	113.4	32.0	166.0	51.2	128.6	76.3	89.9
2012	914.8	3.32	34.1	153.7	12.5	116.5	32.9	177.2	54.1	135.7	81.3	88.7
2013	950.7	3.34	36.7	153.6	13.4	118.5	33.3	190.1	58.6	142.6	86.3	89.0
2014	991.0	3.53	38.8	156.7	13.9	120.7	33.8	201.8	65.6	148.7	90.7	90.6
2015	1,028.9	3.68	42.9	160.2	14.1	121.9	34.2	215.2	70.4	154.9	94.5	90.1
2016	1,060.6	3.93	47.6	161.3	14.8	122.4	35.2	224.1	74.5	160.6	97.6	91.2
2017	1,085.6	3.78	49.0	160.5	15.1	120.6	35.9	228.1	83.9	166.9	100.4	92.9
2018	1,104.7	3.89	49.5	161.2	15.7	122.3	36.6	234.7	86.8	169.9	101.7	93.3
2019	1,123.0	3.93	48.8	162.1	16.0	123.9	37.2	240.9	89.3	174.3	102.8	94.4
2020	1,135.9	3.95	47.0	163.0	16.0	124.7	37.4	246.3	91.4	178.6	103.0	94.9
2021	1,149.0	3.97	46.3	163.0	15.9	125.7	37.7	251.1	93.3	183.0	104.0	95.3
2022	1,159.3	3.99	43.9	163.1	15.8	126.4	38.0	255.5	94.9	187.5	105.0	95.3
2023	1,170.3	4.00	43.3	162.5	15.7	127.4	38.2	259.4	96.3	192.1	106.0	95.3
2024	1,180.2	4.01	43.0	161.3	15.7	128.4	38.4	263.0	97.5	196.7	106.5	95.4
2025	1,187.7	4.02	42.6	158.3	15.6	129.4	38.7	266.3	98.6	201.6	106.8	95.5
2026	1,195.1	4.03	41.6	156.2	15.5	130.3	38.9	269.4	99.6	206.4	107.2	95.6
2027	1,202.1	4.03	40.4	154.0	15.5	131.3	39.1	272.4	100.5	211.1	107.6	95.7
2028	1,210.6	4.04	41.0	151.8	15.4	132.0	39.3	275.3	101.4	216.1	107.9	95.7
2029	1,217.5	4.04	41.1	148.5	15.4	132.6	39.5	278.3	102.2	221.0	108.4	95.7
2030	1,224.5	4.04	41.2	145.1	15.4	133.4	39.7	281.3	102.9	225.7	109.0	95.8
2031	1,231.9	4.04	40.6	143.2	15.4	134.2	39.9	284.2	103.6	230.1	109.6	95.9
2032	1,238.3	4.05	40.3	140.3	15.4	134.9	40.1	287.1	104.4	234.2	110.2	95.9
2033	1,246.0	4.05	40.2	138.3	15.4	135.9	40.3	289.9	105.0	238.5	110.8	96.1
2034	1,253.7	4.05	40.1	136.3	15.4	136.7	40.5	292.6	105.7	242.9	111.4	96.2
2035	1,259.9	4.05	39.7	133.3	15.4	137.4	40.7	295.2	106.3	247.5	112.0	96.3
2036	1,266.2	4.05	39.4	131.0	15.4	137.9	40.8	297.7	106.9	251.8	112.7	96.4
2037	1,270.7	4.05	38.9	127.6	15.4	138.2	41.0	300.2	107.5	255.7	113.3	96.5
2038	1,276.5	4.05	38.6	125.3	15.4	138.8	41.1	302.6	108.1	259.6	113.9	96.6
2039	1,282.3	4.05	38.4	123.3	15.4	139.2	41.3	305.0	108.7	263.2	114.5	96.6
2040	1,287.9	4.05	38.2	121.0	15.5	139.5	41.5	307.3	109.2	266.9	115.2	96.7
2041	1,293.6	4.05	38.1	119.0	15.5	140.0	41.6	309.7	109.8	270.2	115.8	96.9
2042	1,299.4	4.05	38.0	117.1	15.5	140.4	41.9	312.0	110.3	273.5	116.5	97.1
2043	1,304.3	4.05	37.7	114.6	15.5	140.8	42.0	314.3	110.8	276.6	117.2	97.3
2044	1,310.0	4.05	37.7	112.5	15.5	141.4	42.2	316.7	111.4	279.7	117.8	97.5
2045	1,315.6	4.05	37.6	110.2	15.5	141.7	42.4	319.1	111.9	283.0	118.5	97.7
2046	1,320.4	4.05	37.5	107.5	15.5	142.1	42.5	321.4	112.4	286.1	119.2	98.0
2047	1,325.8	4.05	37.4	105.2	15.6	142.5	42.8	323.8	112.9	289.2	119.9	98.2
2048	1,330.9	4.05	37.2	102.9	15.6	142.9	42.9	326.2	113.5	292.2	120.6	98.5
2049	1,336.3	4.05	37.3	100.7	15.6	143.3	43.1	328.6	114.0	295.0	121.3	98.7
2050	1,341.3	4.05	37.3	98.4	15.6	143.7	43.3	331.1	114.5	297.6	122.0	99.0

Manufacturing Employment

thousands of jobs

2000 - 2050

Employment in Professional Services

thousands of jobs

2000 - 2050

Real Retail Sales Growth
2000 - 2050

percent change

Real Earnings Per Worker
2000 - 2050

thousands of constant 2017 dollars per worker

Santa Clara County

California

forecast

Net Migration
2000 - 2050

inmigrants minus outmigrants

Industrial and Farm Production Indices
2000 - 2050

inflation adjusted index (2000=100)

Industrial

Farm

forecast

County Economic and Demographic Indicators

Projected Economic Growth (2018-2023)

Expected retail sales growth:	9.9%
Expected job growth:	5.9%
Fastest growing jobs sector:	Health and Education
Expected personal income growth:	20.6%

Expected population growth:	3.1%
Net migration to account for:	2.0%
Expected growth in number of vehicles:	4.9%

Demographics (2018)

Unemployment rate (April 2018):	2.4%
County rank* in California (58 counties):	4th
Working age (16-64) population:	66.6%

Population with B.A. or higher;	49.0%
Median home selling price (2017):	$930,000
Median household income:	$114,610

Quality of Life

Violent crime rate (2016):	273 per 100,000 persons
County rank* in California (58 counties):	14th
Average commute time to work (2018):	30 minutes

High School drop out rate (2017):	10.3%
Households at/below poverty line (2018):	5.9%

* The county ranked 1st corresponds to the lowest rate in California